

09/654,627

PATENT

-5-

**REMARKS/ARGUMENTS**

The present amendment, amends pending claims 20 and 27, and cancels claims 28-30. Claims 20 and 27 remain pending in this case.

**Summary Of Interview with Examiner Colbert on January 18, 2005**

On January 13, 2005 the undersigned called Examiner Colbert to discuss setting up an interview regarding the present case. An interview was scheduled for July 18, 2005, and as requested the undersigned faxed a draft response to the outstanding Office Action to the Examiner for purposes of discussion during the interview.

On January 18, 2005 the Interview took place between the undersigned and Examiner Colbert. The Examiner's courtesy during the phone call was much appreciated. Examiner Colbert suggested a few changes to the 6<sup>th</sup> paragraph of claim 20, to clarify the language of the claim. The present amendment incorporates the Examiner's suggestions.

During the Interview the draft amendment and remarks therein were discussed. The Examiner indicated that she would initiate a search in light of the amendments to claim 20. The remarks and discussion below parallel the discussion from the interview, and as was provided in the draft amendment which was previously faxed to the Examiner on January 13, 2005.

**35 USC §112 Rejections**

The October 13, 2004, Office Action rejected the previously pending claims, under 35 USC §112. In response to these rejections, claims 20 and 27 have been amended, and the other previously pending claims have been canceled to expedite prosecution of remaining claims. It is respectfully submitted that as amended the §112 rejection of claims 20 and 27 is overcome.

**35 USC §103 Rejections**

The previously pending claims were rejected under US 5,852,811 (Atkins) in view US 5,918,217 (Maggioncalda). It is respectfully submitted that as clearly detailed below the method of claim 20 provides for a unique three step optimization process. It should be noted that providing for an optimization which takes into account the effect of both taxed and non-taxed investments, and which takes into account the fact that many mutual funds have certain investment minimums, is a very computationally demanding process, and the three step process

Atty Docket No.: SCHB-2700

09/654,627

PATENT

-6-

provided herein is designed to provide an efficient approach for utilizing processing power to achieve the optimization. It is respectfully submitted that as discussed in detail below, the process recited by claim 20, is very different than any optimization process disclosed in the references.

**Pending Claim 20, as Amended herein:**

Claim 20 provides for performing a number steps including: initially identifying a group of possible investments; inputting information for different investments; providing a programmed processor which performs an iterative routine to provide a recommendation. The iterative routine provides three steps of running an optimization routine, wherein each of the three different steps of running the optimization routine utilizes a different starting point.

The first step of running the optimization routine starts with using predetermined weights for each of the possible investments for the portfolio, and then trying to optimize the portfolio. When the first step fails to optimize the portfolio, a second step is performed, and the second step includes re-running the optimization routine using a best solution from the first step, as a starting point and, the second step of re-running the optimization routine excludes investments which had a zero weight in the best solution from the first step. Finally, a third step is performed which re-runs the optimization routine to account for a minimum investment amount which is set for a mutual fund.

A number of points regarding the above process should be noted. First, the claim specifically, recites that the three iterative steps are performed without any user interaction. The three step iterative process is designed to efficiently arrive at an investment recommendation which accounts for investment minimums in mutual funds, but rather than attempting to achieve an investment recommendation by running a single optimization step, the process herein provides for iteratively running the optimization routine from predetermined starting points.

**The Atkins Reference:**

In contrast with method recited by claim 20, the Atkins reference addresses very different issues, and it is respectfully, does not disclose or suggest anything similar to the iterative optimization process recited by claim 20. Atkins teaches a system and method which provide for an overall evaluation of a client's financial situation, including considerations relating to home

Atty Docket No.: SCHB-2700

09/654,627

PATENT

-7-

mortgages, IRAs, 401ks and insurances, and other financial assets. It is respectfully submitted that after a careful review of Atkins, it does not appear to contain any disclosure even remotely related to the method recited by claim 20. For example, while Atkins does provide some discussion regarding optimization; the area of Atkins that is perhaps most closely related to the method recited in claim 20 (and even this discussion is very different than the elements of claim 20) recites:

FIG. 10 depicts the Priority Asset and Liability Allocation Process (PALAP). Advantageously, operations research techniques such as goal, dynamic, linear, nonlinear and integer programming functions, a goal programming function, a multiobjective programming function or a combination of the above-identified functions may be used to establish a priority for the allocation of account funds. Further, optimization or sub optimization methods, utilizing expert or decision support systems and incorporating the findings of the modern portfolio theory and the capital asset pricing model, can be utilized with these operations research techniques. PALAP generates a Priority Asset and Liability Allocation Order (PALAO) and a Priority Investment and Borrowing Order (PIBO) for the client's account.

Atkins col. 37:50-63. The above citation from Atkins, and other references to optimization in Atkins appear to refer to some general procedures which can be used to establish a priority for the allocation of account funds. However, there is nothing to suggest that this general discussion, would lead to the specific method which is recited in claim 20. Indeed, it is respectfully submitted that there does not appear to be anything in Atkins which would appear to suggest that it would be advantageous to try and develop an iterative optimization process, using three different starting points.

#### **The Maggioncalda Reference:**

The Office Action suggests that the Maggioncalda includes many of the elements recited in claim 20. The discussion in the Office Action shows that Maggioncalda is being relied for teaching regarding an iterative type of process. Maggioncalda shows a process where a user can input information to a system using various tools provided by a user interface, such as a "risk slider bar", a "savings slider bar", and a "retirement age slider bar". Maggioncalda, col. 0:lines 43-45.

In Maggioncalda a user can move the slider bars to indicate different levels of risk, and other user selected criteria, and then different simulations and recommendations can be made based on the different user selections, as indicated by different inputs to the system through the

Atty Docket No.: SCHB-2700

09/654,627

PATENT

-8-

various slider bars. For example, Maggioncalda discusses a user inputting a new variable regarding risk using a risk slider bar, and then providing a new updated optimal allocation in response to the changed parameter. Maggioncalda col. 16:lines 52-63. Additionally, a user can set specific constraints regarding specific financial products, and this will also produce different recommendations. Maggioncalda col. 17, lines 3-33.

It is respectfully submitted that while the above operations for Maggioncalda might be argued to be iterative type processes, where a user can iteratively input different criteria and then obtain different results, this operation is very different than the iterative optimization process recited by claim 20.

For example, in claim 20 the first step of running the optimization, the second step of re-running the optimization, and the third step re-running the optimization routine are each done consecutively and automatically by the processor, and not in response to any changed input by a user. Further the iterative process of claim 20 provides for re-running the optimization routine using results from earlier steps of the running of the optimization routine. This process is very different than the process described in Maggioncalda, which does not appear to contain any discussion or teaching regarding how to design an optimization process for efficiently utilizing processing power, and arriving at solutions which account for mutual fund minimums, as a last step in an iterative process of arriving at an investment recommendation.

Given the above discussion it is respectfully submitted that even if one selectively chose elements of the Maggioncalda, and Atkins, and combined them, one would not arrive at the method of claim 20. Indeed, claim 20 appears to be significantly different from the teaching in both of these references. Thus, it is respectfully submitted that claim 20 and its dependent claim 7 are patentable over the cited references.

Atty Docket No.: SCHB-2700

PAGE 11/12 \* RCVD AT 1/18/2005 4:24:19 PM [Eastern Standard Time] \* SVR:USPTO-EFXRF-1/3 \* DNI:8729306 \* CSID: \* DURATION (mm:ss):03:26

09/654,627

PATENT

-9-

## CONCLUSION

For the reasons set forth above, it is believed that all claims present in this application are patentably distinguished over the references, and in condition for allowance. Therefore, reconsideration is requested, and it is requested that this application be passed to allowance.

Respectfully submitted,

STALLMAN & POLLOCK LLP

Dated: January 18, 2005

By:



Brian J. Keating  
Reg. No. 39,520

Attorneys for Applicant(s)

Atty Docket No.: SCHB-2700

PAGE 12/12 \* RCVD AT 1/18/2005 4:24:19 PM [Eastern Standard Time] \* SVR:USPTO-EXRF-1/3 \* DNIS:8729306 \* CSID: \* DURATION (mm:ss):03:26